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INFO RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE

UNCLAS ULAANBAATAR 000043

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E.O. 12958: N/A

TAGS: PGOV PREL PINR MG

SUBJECT: Enkhbold Confirmed as Prime Minister

REF: Ulaanbaatar 38

11. On the morning of January 25, Mongolia's Parliament voted 57-10 to confirm M. Enkhbold as Mongolia's new Prime Minister. Ambassador subsequently sent a letter to Enkhbold congratulating him on his confirmation, and stating the U.S. hope to work with the new government. According to Democratic Party sources, the party decided against organized efforts to delay the nomination or boycott the nomination vote, reasoning that this would not match its planned transformation into a constructive opposition force in parliament. 12. While the vote means that Enkhbold immediately replaced Ts. Elbegdorj (Elbegdorj had stayed on as Acting Prime Minister after parliament's January 13 vote to dissolve the government), other government members remain as acting ministers until replacements are confirmed by parliament. Press accounts and party sources suggest that, while there may be broad agreement on the number of Cabinet seats going to each party, discussions on distribution of portfolios may not yet be complete. While the government will be MPRP-led (the MPRP has 38 of 76 parliamentary seats), the Motherland Party (6 seats), Republican Party (1 MP), People's Party (1 MP), and Democratic Party renegades (at least four of 25 DP MPs) will join in the new "National Unity Government" and receive some Cabinet seats as a reward.

13. It is unclear whether the Cabinet can be confirmed by parliament by January 27, the last day the legislature is now scheduled to sit before beginning a two month recess. Under the Constitution, the Prime Minister is required to "consult" with Mongolia's President about the Cabinet -- but may take his choices to parliament for confirmation after seven days, even if the President has not concurred. While M. Enkhbold and President Enkhbayar have a close relationship (Enkhbayar successfully urged the MPRP to choose Enkhbold as the new party head last June), it is possible this consultation process may also introduce some delay -- as Enkhbold's confirmation as Prime Minister was delayed from last Friday, when the President decided to make a last effort to convince the Democratic Party to join the new government (reftel). If parliament does not confirm the nominees by Friday, it likely would reconvene after next week's Mongolian New Year's holiday (January 30-31).

14. The street situation is calm. The Mongolian

14. The street situation is calm. The Mongolian Democratic Union staged a peaceful demonstration with about 300 participants on January 24, and put forward demands ranging from doubling of pensions and cash stipends to families with children to resignation of President Enkhbayar. Additional small, peaceful demonstrations in future days are possible, but as yet unscheduled.

Slutz